

ABSTRACT

Consumer Protection in Relation to Banks

Consumer protection is a form of governmental regulation, which protects the interests of consumers as a weaker contracting party. This work is focused just on part of it, namely on the protection of consumers in relation to banks. The preamble deals with the determination of individual parties in consumer relation – consumer and bank as a supplier. The concept consumer is included in several acts. Consumer Protection Act defines a consumer as “a natural person or a legal entity that purchases products or uses services for other purposes than enterprising with those products or services”. Because of specific determination of the concept “consumer“, in this work another concept is used, namely a bank client. Bank is determined by the Banking Act and as a legal entity with its registered seat on the territory of the Czech Republic, established as a joint-stock company which accepts personal deposits and grants loans, and which has a banking licence for performing these activities. It also provides a survey of general principles and legal regulations connected with consumer protection in the area of banking.

The next part is concerned with the consumer protection according to banking regulations. These regulations are the Banking Act, the Czech National Bank Act, the Payment System Act, the Financial Arbiter Act and the like. At first the work describes the establishment of a bank, individual sorts of banks and banking activities. Consumer protection can be classified as direct and indirect. The indirect protection comprises banking regulation and supervision of financial market. The rules of banking regulation determine main principles of bank activities, and their purpose is limiting different risks by which banks are endangered. It is the Czech National Bank that exercises supervision over banks. An important institution is the information duty as direct form of customer protection. Sufficient information is necessary for correct decisions of bank clients. Personal data of clients are protected through bank secret. In current economic crisis, deposit insurance became very important. This institution guarantees the depositors the safety of their deposits. Another relevant point is the regulation of the payment system, which is divided into cash, non-cash and electronic. The payment system is an important part of common life, and therefore there is an institution of a financial arbiter in order to protect clients, provided the given conditions have been met.

Another large part deals with consumer protection by non-banking regulations. The main subject matter is law of contract. The present work analyzes conclusion, alteration, and termination of contracts and its security in relation to the consumer. Customer contracts are a special area and this regulation refers to all contracts in which one party is a customer. Civil and Commercial Codes regulate individual types of contracts. The present work analyses main types of bank contracts: credit contract, current account contract and bank deposit contract. Other themes are liability and customer protection in economic competition. In conclusion this work sums up overall knowledge in the given area.

Keywords:

Consumer, bank, bank client